

## Message Text

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SUBJ: INDUSTRIAL SITUATION IN ASSAM: FSL TRIP REPORT

1. DURING HIS RECENT TRIP TO GAUHATI, JUNE 23-25, FSL GUPTA VISITED PLANTS OF INDIA CARBON AND STEELSWORTH AND MET WITH LOCAL INDUSTRIALISTS AND BUSINESSMEN, IN PARTICULAR, REPRESENTATIVES OF ASSAM MANUFACTURERS ASSOCIATION (AMA), KAMRUP CHAMBER OF COMMERCE, GAUHATI MANAGEMENT ASSOCIATION. HE ALSO DISCUSSED LOCAL INDUSTRIAL OUTLOOK WITH DIRECTOR OF INDUSTRIES, ASSAM AND MANAGING DIRECTOR, ASSAM SMALL INDUSTRIAL DEVELOPMENT CORPORATION (ASIDC).

2. MOST OF ASSAM OFFICIALS AND BUSINESSMEN APPEARED TO BE OPTIMISTIC. THEY EXPECTED RATE OF INDUSTRIAL GROWTH IN STATE TO INCREASE IN THE EIGHTIES AFTER COMMENCEMENT OF OPERATION OF BONGAIGAON REFINERY AND PETROCHEMICAL COMPLEX. AVAILABILITY OF ADDITIONAL POWER SUPPLY AND IMPROVEMENT IN RAIL AND ROAD TRANSPORT WERE ALSO POSITIVE FACTORS. BONGAIGAON COMPLEX IS LIKELY TO SPUR GROWTH OF SEVERAL CHEMICAL PRODUCTS, AND A FEW BIG BUSINESS HOUSES ARE LIKELY TO ESTABLISH NEW UNITS BASED ON DOWNSTREAM PRODUCTS OF BONGAIGAON REFINERY WHICH IS SLATED TO PRODUCE POLYESTER FILM, DMT POLYESTER FIBER AND OTHER PETROCHEMICAL PRODUCTS. FOR INSTANCE, JK GROUP HAS REPORTEDLY PLANNED TO MANUFACTURE IOMEX-BASED CARBON BLACK IN ASSAM. A PAPER MILL AND A CEMENT FACTORY IN PUBLIC SECTOR ARE SLATED TO BEGIN PRODUCTION IN 1976. PROJECTED GOI INVESTMENTS IN ASSAM MAY HELP TO ESTABLISH TWO ADDITIONAL MAJOR PAPER MILLS IN THE NEXT FIVE YEARS. NEW FACILITIES OF BONGAIGAON COMPLEX, CEMENT AND PAPER MILLS ARE BEING DEVELOPED

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GAIGAON COMPLEX, CEMENT AND PAPER MILLS ARE BEING DEVELOPED

BY SUBSTANTIAL GOI INVESTMENT WHICH MRS. GANDHI PROMISED TO ASSAM IN 1970. DIRECTOR OF INDUSTRIES OF ASSAM, HOWEVER, UNDERSCORED OFFICIAL EFFORTS TO PROMOTE LOCAL MANUFACTURE OF ELECTRONIC COMPONENTS AND INVITED INTERESTED U.S. COLLABORATORS TO SUPPLY SUITABLE U.S. TECHNOLOGY FOR DEVELOPMENT OF ELECTRONICS IN ASSAM. HE MENTIONED THAT ASSAM GOVERNMENT HAD APPOINTED EXPERT COMMITTEE WHICH WOULD MEET IN NEW DELHI BY MIDDLE OF JULY IN ORDER TO IDENTIFY ELECTRONOC COMPONENTS AND PRODUCTS WHICH COULD BE DEVELOPED TO MEET LOCAL DEMAND. BARUAH, MANAGING DIRECTOR OF ASIDC, SHOWED INTEREST IN RECEIVING IDEAS AND TECHNICAL ASSISTANCE FROM U.S. FIRMS TO PROMOTE SMALL INDUSTRIES BASED ON LOCAL FOREST RESOURCES, HORTICULTURE AND NATURAL GAS.

3. P.C. GOENKA, PRESIDENT OF AMA AND MANAGING DIRECTOR OF ASSAM CARBON LTD. (ACL) WELCOMED TRADE PROMOTION TOUR IN ASSAM AND EXPECTED DEVELOPMENT OF OPPORTUNITIES FOR INDO-US TECHNICAL COLLABORATION IN SELECTIVE AREAS OF HIGH TECHNOLOGY PRODUCTS. HE CITED INSTANCE OF HIS SECOND UNIT WHICH HAD COMMENCED PRODUCTION OF ELECTRO-GRAPHITESSED AND RESIN-BONDED CARBON BLOCKS SINCE OCTOBER, 1975 IN COLLABORATION WITH MORGANITE CARBON LTD. OF U.K. HE ALSO SUGGESTED THAT CONTACTS BETWEEN CONGEN AND AMA SHOULD BE CONTINUED TO DEVELOP SPECIFIC AREAS OF INDO-US TECHNICAL COOPERATION FOR DEVELOPMENT OF PETRO-CHEMICAL BASED PRODUCTS IN ASSAM.

4. INDIA CARBON (IC) PLANT WAS ESTABLISHED AT GAUHATI IN 1962 BY HIMATSINGHKAS OF CALCUTTA IN COLLABORATION WITH U.S. FIRM, GREAT LAKES CARBON CORP. (37 PERCENT EQUITY PARTICIPATION) FOR MANUFACTURE OF CALCINED PETROLEUM COKE. MAJOR CUSTOMERS OF IC ARE ALUMINIUM FACTORIES BECAUSE 500 KGS. OF CALCINED PETROLEUM COKE (CPC) ARE REQUIRED TO PRODUCE 1,000 KGS. OF ALUMINIUM. IC ACCOUNTS FOR MORE THAN 50 PERCENT OF TOTAL SUPPLY OF CPC IN INDIA. ANNUAL AVERAGE PRODUCTION OF IC VARIES BETWEEN 55,000 AND 70,000 TONS. PRODUCTION FELL IN 1975 RESULTING FROM SMALLER DEMAND AND RECESSION IN ALUMINIUM INDUSTRY. DEMAND HAS PICKED UP IN 1976 AND OUTPUT OF IC INCREASED BY 15 PERCENT. FURTHER RISE IN DEMAND IS EXPECTED, AND PRESENT SELLING PRICE OF CPC AT RS 1,600 PER TON MAY SHOOT UP. MAJOR PROBLEM FACED NOW BY IC IS HIGH LEVEL UNCLASSIFIED

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OF INVENTORIES WHICH HAS LOCKED WORKING CAPITAL OF MORE THAN RS 1.5 MILLION COMPARED TO PAID UP CAPITAL OF RS 8.0 MILLION. IC HAS, INSTALLED A SMALL CAPTIVE POWER GENERATING UNIT TO AVOID INTERRUPTION OF PRODUCTION BY LOAD SHEDDING. IC RECEIVES 50 PERCENT OF ITS RAW MATERIALS, PETROLEUM COKE, FROM GAUHATI REFINERY AND FURTHER REQUIREMENTS ARE MET BY HALDIA AND BARAUNI REFINERIES. TRANSPORTATION OF RAW MATERIALS AND END PRODUCTS BY NARROW METER GAUGE RAILROAD IS ANOTHER

BOTTLENECK. DESPITE DIFFICULTIES, IC APPEARS HOPEFUL TO INCREASE PRODUCTION AND SALES IN 1976.

5. VISIT TO STEELSWORTH'S FACTORY AT GAUHATI WAS ALSO USEFUL. STEELSWORTH, A MEDIUM-SIZED ENGINEERING FIRM, OWNED BY A MARWARI GROUP, HAS EXPANDED SINCE 1949 AND ESTABLISHED THREE FACTORIES AT TINSUKIA, GAUHATI AND TEZPUR IN ASSAM. RANGE OF MANUFACTURE GRADUALLY EXTENDED TO INCLUDE TEA MACHINERY (CONTINUOUS DRYER, PROCESSOR, FERMENTER), WATER TREATMENT PLANTS, STEEL STRUCTURES, TRAILERS, OIL AND WATER STORAGE TANKS, FERROUS AND NON-FERROUS CASTINGS. TOTAL ANNUAL AVERAGE TURNOVER IN THE PAST TWO YEARS IS ABOUT RS 30 MILLION OF WHICH A LITTLE LESS THAN 10 PERCENT WAS EXPORTED. STEELSWORTH HAS RECENTLY RECEIVED A SUB-CONTRACT FOR CONSTRUCTION OF OIL INDIA'S JORHAT-BONGAIGAON PIPELINE.

6. AT PRESENT, PROSPERITY OF TWO MAJOR INDUSTRIES OF ASSAM, TEA AND PETROLEUM, HAS AIDED OTHER INDUSTRIES IN THE STATE, ESPECIALLY ENGINEERING FACTORIES INCLUDING 16 RE-ROLLING MILLS AND PLYWOOD FACTORIES WHICH DOUBLED THEIR OUTPUT TO 20 MILLION SQ. METERS IN THE LAST SEVEN YEARS.  
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